

Message Text

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15

ACTION NEA-10

INFO OCT-01 ISO-00 SCCT-01 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 SAB-01 IO-11 OMB-01 /071 W

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R 091400Z FEB 76

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 4675

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JERUSALEM

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY SANA

AMEMBASSY TEL AVIV

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E.O. 11652: N/A

TAGS: PORG, KU

SUBJ: ADDITIONAL FUNDS FROM KUWAIT FOR THE PLO

1. PRESS REPORTS, CONFIRMED BY EMBASSY TALKS WITH PALESTINIAN CONTACTS, INDICATE THE GOK HAS DECIDED TO GO ALONG WITH PLO PROPOSALS TO INCREASE KUWAIT'S CONTRIBUTION TO PLO IN WAKE OF THE LATTER'S COSTLY INVOLVEMENT IN LEBANESE CRISIS. INCREASE WILL RESULT PRIMARILY FROM ADDED DEDUCTIONS FROM SALARIES OF PALESTINIANS EMPLOYED BY GOK. THERE WILL ALSO BE NEW EFFORTS TO STIMULATE PRIVATE SECTOR TO SET UP SALARY DEDUCTIONS PLAN FOR ITS PALESTINIAN EMPLOYEES (HERETOFORE SOME COMPANIES HAVE INSTITUTED SUCH PROGRAMS, OTHERS HAVE NOT; GOK HAS HAD NO AUTHORITY TO

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REGULATE IT AND STILL DOES NOT).

2. REPORTED SYSTEM WILL BE AS FOLLOWS: DEDUCTION OF EQUIVALENT OF ONE MONTH'S BASE SALARY WILL BE MADE FROM SALARIES OF ALL PALESTINIAN EMPLOYEES OF GOVERNMENT. THIS IS TO BE IN ADDITION TO THE FIVE PERCENT MANDATORY CONTRIBUTION ALREADY BEING DEDUCTED. DEDUCTION OF SIXTY PERCENT OF ONE MONTH'S EARNINGS WILL BE MADE FROM SALARY OF PALESTINIAN LABORERS EMPLOYED BY GOK. THIS WILL BE ADDITIONAL TO THREE PERCENT DEDUCTION ALREADY BEING TAKEN. GOK IS TO CALCULATE TOTAL NUMBER OS EMPLOYEES PARTICIPATING AND MAKE SINGLE ANNUAL LUMP SUM PAYMENT TO PLO, WITH DEDUCTIONS FROM EMPLOYEE SALARY CHECKS THEN BEING MADE IN 12 EQUAL INSTALLMENTS. A SPECIAL COMMITTEE IS TO BE SET UP TO REVIEW CASES IN WHICH EXCEPTIONS ARE TO BE MADE.

3. EMBASSY UNDERSTANDS THAT, UNLIKE THE FIVE PERCENT DEDUCTION, WHICH WAS DECIDED UPON AT RABAT SUMMIT AND WHICH IS LEVIED ONAND MANDATORY FOR ALL PALESTINIANS EMPLOYED BY GOK, THE NEW ONE-MONTH DEDUCTION CANNOT BE MADE WITHOUT CONCURRENCE OF THE EMPLOYEE. GOK HAS NO LEGAL OR QUASI-LEGAL RIGHT TO MAKE THE ADDITIONAL DEDUCTION. THUS, IT WILL BE NECESSARY FOR GOK TO ASCERTAIN THE WISHES OF EACH PALESTINIAN EMPLOYEE BEFORE IT CAN DETERMINE THE TOTAL AMOUNT TO BE RAISED BY THE NEW PROGRAM. MOREOVER, THERE IS NO NEW MACHINERY CREATED TO ADDRESS THE PROBLEMS OF HOW TO COVER THE PRIVATE SECTOR. LOCAL PLO OFFICE IS REPORTEDLY LEFT AS BEFORE WITH RESPONSIBILITY FOR CANVASSING BUSINESS COMMUNITY AND SOLICITING ITS ESTABLISHMENT OF A PARALLEL SALARY DEDUCTION PLAN.

4. THE NEW SYSTEM HAS NOT YET GONE INTO EFFECT, AND AWAITS FINAL REVIEW BY A CABINET COMMITTEE ESTABLISHED TO IMPLEMENT IT. IT MAY BE SOME TIME BEFORE KUWAITIS GET ROLLING ON THIS DUE TO THE ADMINISTRATIVE COMPLEXITIES INVOLVED, BUT NO ONE SEEMS TO DOUBT THAT IT WILL INDEED BE PUT INTO EFFECT. JUST HOW MUCH MONEY WILL BE INVOLVED IS MOOT.

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